廈門國際港務股份有限公司
XIAMEN INTERNATIONAL PORT CO., LTD*
Stock Code: 3378

2017
INTERIM REPORT

* For identification purpose only

XIAMEN INTERNATIONAL PORT CO., LTD*
廈門國際港務股份有限公司

22nd Floor, No. 31 Donggang North Road, Xiamen, PRC
Postal code: 361013

Tel: +86-592-5829478
Fax: +86-592-5653378 +86-592-5613177
Website: http://www.xipc.com.cn

CONTENTS

CORPORATE INFORMATION

Executive Directors
CAI Liqun *(Chairman)*[1]
FANG Yao *(Vice Chairman)*
CHEN Zhaohui
KE Dong

Non-Executive Directors
CHEN Dingyu
CHEN Zhiping[2]
FU Chengjing
HUANG Zirong
BAI Xueqing[2]

Independent Non-executive Directors
LIU Feng
LIN Pengjiu
YOU Xianghua
JIN Tao
JI Wenyuan

Supervisors
SU Yongzhong[2]
ZHANG Guixian
LIAO Guosheng
WU Weijian
TANG Jinmu
XIAO Zuoping

Joint Company Secretaries
CAI Changzhen
MOK Ming Wai

Authorised Representatives
CHEN Zhaohui
CAI Changzhen

Registered Address
No. 439 Gangnan Road
Haicang District, Xiamen City
Fujian Province, the PRC

Principal Place of Business In Hong Kong
36/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Auditors
International auditor:
PricewaterhouseCoopers

PRC auditor:
PricewaterhouseCoopers Zhong Tian LLP

Legal Advisers
as to Hong Kong law:
Vincent T. K. Cheung, Yap & Co.

as to PRC law:
King & Wood Mallesons

Principal Bankers
Industrial & Commercial Bank of China
China Construction Bank
Communications Bank of China
Bank of China
China Merchants Bank

Hong Kong H Share Registrar and Transfer Office
Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code on the Main Board of The Stock Exchange of Hong Kong Limited
3378

Listing Date
19 December 2005

Notes:
1. Appointed as Chairman since 28 February 2017
2. Newly appointed since 28 February 2017

FINANCIAL HIGHLIGHTS

The unaudited interim consolidated results for the six months ended 30 June 2017

	Six months ended 30 June		
	2017 **RMB'000**	2016 RMB'000 (Restated)	Change RMB'000
Revenues	**6,023,250**	3,872,346	2,150,904
Operating profit	**700,613**	441,151	259,462
Profit for the period	**503,035**	334,091	168,944
Profit attributable to owners of the Company	**260,666**	144,956	115,710
Earnings per share for profit attributable to owners of the Company during the period — Basic and diluted (in RMB cents)	**9.56**	5.32	4.24

INDEPENDENT REVIEW REPORT

羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF XIAMEN INTERNATIONAL PORT CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 45, which comprises the condensed consolidated interim balance sheet of Xiamen International Port Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related condensed consolidated interim income statement, statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with HKAS 34. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 August 2017

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
ASSETS			
Non-current assets			
Investment properties	6	143,519	135,171
Property, plant and equipment	6	10,759,525	8,448,360
Land use rights	6	3,663,434	2,802,592
Intangible assets	6	402,744	310,519
Interests in joint ventures	7	78,305	895,839
Interests in associates	8	56,684	58,864
Available-for-sale financial assets	11	213,161	112,417
Long-term receivables and prepayments	10	110,539	201,466
Deferred income tax assets		290,141	266,649
Total non-current assets		15,718,052	13,231,877
Current assets			
Inventories		615,930	541,034
Accounts and notes receivable	9	1,526,893	1,152,686
Other receivables and prepayments	10	740,602	1,090,656
Available-for-sale financial assets	11	350,000	300,000
Term deposits with initial term over three months		10,390	22,931
Restricted cash		35,105	34,487
Cash and cash equivalents		739,100	1,140,956
Total current assets		4,018,020	4,282,750
Total assets		19,736,072	17,514,627
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	2,726,200	2,726,200
Reserves		2,327,703	2,176,661
		5,053,903	4,902,861
Non-controlling interests		6,349,778	5,409,112
Total equity		11,403,681	10,311,973

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	**2,086,216**	1,323,592
Deferred government grants and income		**144,571**	143,390
Long-term payables and advances	13	**1,816**	1,849
Deferred income tax liabilities		**421,936**	383,243
Total non-current liabilities		**2,654,539**	1,852,074
Current liabilities			
Accounts and notes payable	12	**1,188,871**	1,047,631
Other payables and accruals	13	**1,385,949**	2,008,614
Borrowings	14	**3,030,033**	2,217,375
Taxes payable		**72,999**	76,960
Total current liabilities		**5,677,852**	5,350,580
Total liabilities		**8,332,391**	7,202,654
Total equity and liabilities		**19,736,072**	17,514,627

The notes on pages 11 to 45 form an integral part of the condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT

	Note	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000 (Restated, Note 27)
Revenues	16	**6,023,250**	3,872,346
Cost of sales		**(5,454,853)**	(3,338,778)
Gross profit		**568,397**	533,568
Other income	17	**105,652**	71,046
Other gain/(losses) — net	18	**203,266**	(1,158)
Selling and marketing expenses		**(21,262)**	(26,470)
General and administrative expenses		**(155,440)**	(135,835)
Operating profit	19	**700,613**	441,151
Finance income	20	**11,318**	26,800
Finance costs	20	**(77,528)**	(50,309)
		634,403	417,642
Share of profits less losses of joint ventures	7	**(2,082)**	20,443
Share of profits less losses of associates	8	**401**	(993)
Profit before income tax expense		**632,722**	437,092
Income tax expense	21	**(129,687)**	(103,001)
Profit for the period		**503,035**	334,091
Profit attributable to:			
Owners of the Company		**260,666**	144,956
Non-controlling interests		**242,369**	189,135
		503,035	334,091
Earnings per share for profit attributable to owners of the Company during the period — Basic and diluted (in RMB cents)	23	**9.56**	5.32
Dividends — Dividend proposed	22	**—**	—

The notes on pages 11 to 45 form an integral part of the condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Profit for the period	**503,035**	334,091
Other comprehensive income for the period, net of tax		
Items that may be reclassified subsequently to profit or loss		
— Fair value losses on available-for-sale financial assets, net of tax	**(576)**	(7,633)
Total comprehensive income for the period	**502,459**	326,458
Total comprehensive income for the period attributable to:		
— Owners of the Company	**260,090**	137,323
— Non-controlling interests	**242,369**	189,135
	502,459	326,458

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016 (Previously reported)	2,726,200	(24,302)	2,189,020	4,890,918	4,512,021	9,402,939
Business combination under common control (Note 27)	–	80,505	145,157	225,662	563,329	788,991
Balance at 1 January 2016 (Restated, Note 27)	2,726,200	56,203	2,334,177	5,116,580	5,075,350	10,191,930
Comprehensive income						
Profit for the period	–	–	144,956	144,956	189,135	334,091
Other comprehensive income						
Fair value losses on available-for-sale financial assets	–	(7,633)	–	(7,633)	–	(7,633)
– Gross	–	(10,177)	–	(10,177)	–	(10,177)
– Related deferred income tax	–	2,544	–	2,544	–	2,544
Total comprehensive income for the six months ended 30 June 2016	–	(7,633)	144,956	137,323	189,135	326,458
Transactions with owners, recognised directly in equity						
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	11,250	11,250
2015 final dividend (Note 22)	–	–	(109,048)	(109,048)	–	(109,048)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(137,275)	(137,275)
Balance at 30 June 2016 (Restated, Note 27)	2,726,200	48,570	2,370,085	5,144,855	5,138,460	10,283,315
Balance at 1 January 2017	2,726,200	(358,229)	2,534,890	4,902,861	5,409,112	10,311,973
Comprehensive income						
Profit for the period	–	–	260,666	260,666	242,369	503,035
Other comprehensive income						
Fair value losses on available-for-sale financial assets	–	(576)	–	(576)	–	(576)
– Gross	–	(769)	–	(769)	–	(769)
– Related deferred income tax	–	193	–	193	–	193
Total comprehensive income for the six months ended 30 June 2017	–	(576)	260,666	260,090	242,369	502,459
Transactions with owners, recognised directly in equity						
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	907,061	907,061
2016 final dividend (Note 22)	–	–	(109,048)	(109,048)	–	(109,048)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(208,764)	(208,764)
Balance at 30 June 2017	2,726,200	(358,805)	2,686,508	5,053,903	6,349,778	11,403,681

The notes on pages 11 to 45 form an integral part of the condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Cash flows from operating activities		
Net cash generated from operations	**222,315**	486,645
Interest paid	**(88,828)**	(96,476)
Income tax paid	**(111,385)**	(123,111)
Net cash generated from operating activities	**22,102**	267,058
Cash flows from investing activities		
Purchases of property, plant and equipment, intangible assets and land use rights	**(282,957)**	(553,076)
Proceeds from disposals of property, plant and equipment	**8,790**	1,310
Investment return from Build and Transfer project	**155,449**	—
Interested loan to a related party	**(13,000)**	(149,645)
Repayment of loan from a related party	**1,000**	2,450
Interest received	**6,884**	64,237
Dividends received	**1,814**	1,920
Decrease in wealth management product	**—**	130,000
Purchase of wealth management product	**(150,000)**	—
Payment for acquisition of a subsidiary	**(138,337)**	—
Cash received from business combinations	**167,666**	—
Net (increase)/decrease in restricted cash	**(618)**	6,895
Net decrease in term deposits with initial term over three months	**12,541**	2,495
Net cash used in investing activities	**(230,768)**	(493,414)
Cash flows from financing activities		
Proceeds from borrowings	**2,413,224**	2,582,825
Repayments of borrowings	**(1,869,895)**	(1,810,405)
Interested loan from a related party	**—**	74,000
Interested loan repayment to a related party	**(70,000)**	—
Payment for business combination under common control	**(501,546)**	—
Contribution from non-controlling shareholders of subsidiaries	**17,217**	11,250
Dividends paid to non-controlling shareholders of subsidiaries	**(180,629)**	(84,489)
Net cash (used in)/generated from financing activities	**(191,629)**	773,181
Net (decrease)/increase in cash and cash equivalents	**(400,295)**	546,825
Cash and cash equivalents at beginning of period	**1,140,956**	861,733
Exchange (losses)/gains on cash and cash equivalents	**(1,561)**	819
Cash and cash equivalents at end of period	**739,100**	1,409,377

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial information.

1. General information

Xiamen International Port Co., Ltd. (the "Company") is a joint stock limited company established in the People's Republic of China (the ''PRC''). The Company's H-shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of its registered office is No. 439 Gangnan Road, Haicang District, Xiamen City, Fujian Province, the PRC.

The Company and its subsidiaries (together the "Group") is principally engaged in container, bulk and general cargo loading and unloading businesses at Dongdu port area and Haicang port area in Xiamen and the relevant terminal area in the Qingzhou Operating Area in Fuzhou, provision of ancillary value-added port services (including port-related logistics, shipping agency, tugboat berthing and unberthing services, tallying), building materials manufacturing, processing and selling, trading of merchandise, and investment holding.

The directors of the Company (the "Directors") regard Xiamen Port Holding Group Co., Ltd. ("Xiamen Port Holding" or "XPHG") as being the parent company of the Company.

This unaudited condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This unaudited condensed consolidated interim financial information is approved for issue by the board of directors of the Company (the "Board") on 25 August 2017.

2. Basis of preparation

The unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2016 (the "Annual Financial Statements"), which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3. Accounting policies

Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

3. Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group

The following new and amendments to standards have been adopted by the Group for the first time for the financial year beginning 1 January 2017:

		Effective for annual periods beginning on or after
Amendments to HKAS 12	Income taxes	1 January 2017
Amendments to HKAS 7	Statement of cash flows	1 January 2017
Amendments to HKFRS 12	Disclosure of interest in other entities	1 January 2017

The adoption of the above new standards and amendments starting from 1 January 2017 did not give rise to any significant impact on the Group's results of operations and financial position for the period ended 30 June 2017.

(b) New standards and interpretations not yet adopted

The following standards and amendments to existing standards, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018 but have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS4 Insurance contract	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3. Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The financial assets held by the Group include equity instruments currently classified as available-for-sale for which a fair value through other comprehensive income election is available. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It will apply to the Group's financial assets classified at amortized cost. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

HKFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach:

(1) Identify the contract(s) with customer;

(2) Identify separate performance obligations in a contract;

(3) Determine the transaction price;

(4) Allocate transaction price to performance obligations;

(5) Recognize revenue when performance obligation is satisfied.

3. Accounting policies (continued)

Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

Management is currently assessing the impact of applying HKFRS 15 on the Group's financial statements by reviewing the contracts, identifying the separate performance obligations in the contracts, evaluating the timing for revenue recognition against the 5-step approach of the new standard. The adoption of HKFRS 15 is not expected to have significant impact on the Group's revenue recognition.

HKFRS 16 will result in almost all leases being recognized on the balance sheet for lessee, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The standard will affect primarily the accounting for the Group's operating leases.

The Group will adopt the above standards and amendments to existing standards as and when they become effective. The Group has yet to finalise the assessment of the full impact of the above standards and amendments to existing standards.

4. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Financial Statements, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Financial Statements.

There have been no changes in the risk management policies since year end.

5. Financial risk management (continued)

5.2 Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements — for example, currency restrictions.

The Group's funding requirements primarily arise from equity investments, purchases of port infrastructure and loading machinery and repayments of bank borrowings. The Group finances its working capital requirements through a combination of funds generated from operations and additional bank borrowings.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Unaudited				
At 30 June 2017				
Bank borrowings	**3,207,910**	**1,317,075**	**723,114**	**187,801**
Long-term payable	**—**	**70**	**124**	**1,639**
Accounts and notes payable	**1,188,871**	**—**	**—**	**—**
Other payables and accruals	**1,385,949**	**—**	**—**	**—**
	5,782,730	**1,317,145**	**723,238**	**189,440**
Audited				
At 31 December 2016				
Bank borrowings	2,329,040	84,182	1,265,559	78,995
Long-term payable	—	68	120	1,662
Accounts and notes payable	1,047,631	—	—	—
Other payables and accruals	2,008,614	—	—	—
	5,385,285	84,250	1,265,679	80,657

5. Financial risk management (continued)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 June 2017:

	Unaudited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Equity investments	109,008	—	4,153	113,161
— Wealth management products	—	—	450,000	450,000

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016:

	Audited			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Equity investments	109,777	—	2,640	112,417
— Wealth management products	—	—	300,000	300,000

During the six months ended 30 June 2017, there are no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

During the six months ended 30 June 2017, there are no reclassifications or transfer of financial assets.

5. Financial risk management (continued)

5.4 Fair value of financial assets and liabilities measured at amortisation cost

The fair values of borrowings are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Non-current (Note 14)	**2,086,216**	1,323,592
Current (Note 14)	**3,030,033**	2,217,375
	5,116,249	3,540,967

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Available-for-sale financial assets
- Long-term receivables
- Accounts and notes receivable
- Other receivables and prepayments
- Term deposits with initial term over three months
- Restricted cash
- Accounts and notes payable
- Other payable and accruals

6. Property, plant and equipment, investment properties, land use rights and intangible assets

	Unaudited				
	Investment properties RMB'000	Property, plant and equipment RMB'000	Land use rights RMB'000	Intangible assets RMB'000	Total RMB'000
Net book amount as at 1 January 2017	**135,171**	**8,448,360**	**2,802,592**	**310,519**	**11,696,642**
Additions	**10,997**	**138,469**	**—**	**3,860**	**153,326**
Additions through business combination (Note 26)	**—**	**2,400,629**	**907,376**	**95,443**	**3,403,448**
Disposals	**—**	**(6,043)**	**—**	**—**	**(6,043)**
Depreciation and amortisation charge	**(2,649)**	**(221,890)**	**(46,534)**	**(7,078)**	**(278,151)**
Net book amount as at 30 June 2017	**143,519**	**10,759,525**	**3,663,434**	**402,744**	**14,969,222**
Net book amount as at 1 January 2016 (Restated, Note 27)	118,901	7,500,727	2,533,756	271,847	10,425,231
Additions	4,356	357,663	13,556	790	376,365
Disposals	—	(1,918)	—	—	(1,918)
Depreciation and amortisation charge	(2,476)	(156,052)	(32,111)	(4,806)	(195,445)
Net book amount as at 30 June 2016 (Restated, Note 27)	120,781	7,700,420	2,515,201	267,831	10,604,233

7. Interests in joint ventures

Movement in interests in joint ventures is set out as follows:

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
At 1 January	**895,839**	1,178,344
Business combination (Note 26)	**(815,452)**	—
Amortisation of unrealized gains on transactions	**(565)**	2,629
Share of results before income tax expense	**62**	25,030
Share of income tax expense	**(1,579)**	(7,216)
	(2,082)	20,443
At 30 June	**78,305**	1,198,787

8. Interests in associates

Movement in interests in associates is set out as follows:

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000
At 1 January	**58,864**	59,923
Reduction in capital	**(767)**	—
Dividends received	**(1,814)**	(1,920)
Share of results before income tax expense	**832**	(437)
Share of income tax expense	**(431)**	(556)
	401	(993)
At 30 June	**56,684**	57,010

9. Accounts and notes receivable

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Accounts receivable	**1,439,475**	1,070,781
Less: provision for impairment	**(102,265)**	(90,201)
	1,337,210	980,580
Due from parent company (Note 25(b))	**588**	110
Due from fellow subsidiaries (Note 25(b))	**25,264**	14,142
Due from joint ventures (Note 25(b))	**14,562**	57,368
Due from associates (Note 25(b))	**—**	543
Due from other related parties (Note 25(b))	**25,573**	16,450
Notes receivable	**123,696**	83,493
	1,526,893	1,152,686

There is no concentration of credit risk with respect to accounts receivables as the Group has a large number of customers.

The majority of the Group's revenues is on open account terms and in accordance with the terms specified in the contracts governing the relevant transactions. A credit period, which may be extended for up to six months, may be granted to large or long-established customers with good repayment histories. Revenues from small, new and short-term customers are normally expected to be settled shortly after provision of services or delivery of goods.

9. Accounts and notes receivable (continued)

Ageing analysis of accounts and notes receivable based on invoice date at respective balance sheet dates are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Less than 6 months	**1,249,379**	927,024
6 months to 1 year	**125,035**	84,774
1 year to 2 years	**142,775**	171,630
2 years to 3 years	**95,769**	43,708
Over 3 years	**16,200**	15,751
	1,629,158	1,242,887
Less: provision for impairment	**(102,265)**	(90,201)
	1,526,893	1,152,686

10. Other receivables and prepayments (including long-term receivables and prepayments)

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Other receivables(a)	**351,488**	367,246
Advances to suppliers	**327,581**	381,306
Less: provision for impairment	**(5,563)**	(5,214)
	673,506	743,338
Due from parent company (Note 25(b))	**41,346**	280
Due from fellow subsidiaries (Note 25(b))	**425**	2,573
Due from joint ventures (Note 25(b))	**1,117**	441,445
Due from other related parties(Note 25(b))	**2,043**	1,646
Prepayments and deposits	**132,291**	102,240
Interest receivable	**413**	600
	851,141	1,292,122
Less: long-term receivables and prepayments		
— Payments made to Build and Transfer project (b)	**—**	(131,713)
— Prepayments for operating leasing in the Qingzhou Operating Area (c)	**(55,731)**	(55,731)
— Prepayment for acquisition of property, plant and equipment	**(54,808)**	(14,022)
	(110,539)	(201,466)
Current portion	**740,602**	1,090,656

10. Other receivables and prepayments (including long-term receivables and prepayments) (continued)

(a) Amount mainly represents receivable for Build-Transfer ("BT") project of RMB141,568,000 (31 December 2016: RMB266,153,000) and VAT receivable of RMB115,309,000 (31 December 2016: RMB20,880,000).

(b) In July 2012, Xiamen Port Development Co., Ltd. ("XPD" or "Xiamen Port Development"), CCCC Third Harbor Engineering Co., Ltd. ("Third Harbor Engineering") entered into a Build-Transfer ("BT") agreement (the "BT Agreement") with Zhangzhou Gulei Port Road Construction Co., Ltd.. The total investment amount of the BT Project is estimated to be approximately RMB553 million with an investment return which will be calculated at an annual interest rate of 8.63% to 10.70%.

As at 30 June 2017, cumulative payment made by XPD together with the associated interests amounted to RMB603,457,000 (31 December 2016: RMB 577,874,000), among which the first investment return of RMB134,440,000 was fully collected in February 2015, the second investment return of RMB172,000,000 was fully collected in August 2016, the third investment return of RMB155,449,000 was fully collected in February 2017, the fourth investment return of RMB141,568,000 is expected to be paid within 1 year, thus is recorded in other receivables' current portion.

As at 30 June 2017, the total investment commitment for the BT project is estimated to be approximately RMB21,455,000.

(c) The Company and its subsidiary, Fuzhou Haiying Port Co., Ltd., entered into a ten-year operating lease with Fuzhou Zhongying Gangwu Co., Ltd.. RMB1,000,000 and RMB89,000,000 was paid by the Company in 2012 and 2013 respectively as the rental deposits, which will be refunded at the end of the lease term. The difference at any point in time between cash paid and annual charge is recognised as a prepayment or accrual on the balance sheet. As at 30 June 2017, the prepayment for the coming one year of RMB33,269,000 (31 December 2016: RMB33,269,000) is recorded in short-term prepayment, and the rest of approximately RMB55,731,000 (31 December 2016: RMB55,731,000) is recorded as long term prepayments.

11. Available-for-sale financial assets

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Equity investments listed in the PRC, at fair value (a)	**109,008**	109,777
Unlisted equity investments (b)	**9,808**	8,208
Wealth management products	**450,000**	300,000
Less: provision for impairment (b)	**(5,655)**	(5,568)
	563,161	412,417

(a) The Group holds 6,436,350 (31 December 2016: 6,436,350) shares of Fujian Sansteel MinGuang Co., Ltd. (the "Sansteel Shares") and 4,301,000 (31 December 2016: 4,301,000) shares of Bank of Communications Co., Ltd. (the "BOCOMM Shares"), which are listed in the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively. The fair values of these investments are determined based on the quoted market prices of respective shares as of the balance sheet dates.

The aggregated costs of investments in the Sansteel Shares and BOCOMM Shares amounted to RMB18,134,000 (31 December 2016: RMB18,134,000).

(b) The directors have considered that the range of reasonable estimates on the fair value of the unquoted investments is significant and the probabilities of the various estimates cannot be reasonably assessed. These investments therefore remain to be stated at cost less provision for impairment losses. As at 30 June 2017 impairment provision amounted to RMB5,655,000 for certain of the unlisted investments (31 December 2016: RMB5,568,000).

12. Accounts and notes payable

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Accounts payable	**908,590**	713,758
Due to parent company (Note 25(b))	**115,946**	110,011
Due to fellow subsidiaries (Note 25(b))	**46,798**	50,813
Due to joint ventures (Note 25(b))	**236**	65,448
Due to associates (Note 25(b))	**3**	436
Due to other related parties (Note 25(b))	**102**	—
Notes payable	**117,196**	107,165
	1,188,871	1,047,631

Ageing analysis of accounts and notes payable based on invoice date at respective balance sheet dates are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 1 year	**1,155,046**	985,349
1 year to 2 years	**27,143**	58,025
2 years to 3 years	**1,655**	500
Over 3 years	**5,027**	3,757
	1,188,871	1,047,631

13. Other payables and accruals (including long-term payables and advances)

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Due to parent company (Note 25(b))	1,718	501,596
Due to fellow subsidiaries (Note 25(b))	22,204	20,627
Due to other related parties (Note 25(b))	9,951	883
Due to associates (Note 25(b))	22	3,211
Due to joint ventures (Note 25(b))	101	64,300
Payables for purchases of property, plant and equipment and construction-in-progress	152,705	241,550
Salary and welfare payables	132,672	205,172
Customer deposits	418,447	463,392
Accrued expenses	2,537	4,205
Dividends payable to		
— other shareholders of the Company (Note 25(b))	112,159	3,111
— non-controlling shareholders of subsidiaries (Note 25(b))	449,458	421,323
Interest payables	23,108	33,390
Other payables	62,683	47,703
	1,387,765	2,010,463
Less: long-term payables and advances	(1,816)	(1,849)
Current portion	1,385,949	2,008,614

As at 30 June 2017, the payables due to parent company, fellow subsidiaries, associates and other related parties are unsecured, free of interest and without fixed repayment term.

The carrying amount of other payables of the Group approximates their fair value.

14. Borrowings

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Non-current		
Long-term bank borrowings	990,302	228,277
Debentures and other loans (b)	1,095,914	1,095,315
	2,086,216	1,323,592
Current		
Short-term bank borrowings	2,235,081	170,000
Long-term bank borrowings — current portion	294,952	67,375
Debentures and other loans (c)	500,000	1,980,000
	3,030,033	2,217,375
Total borrowings	5,116,249	3,540,967
Representing:		
— guaranteed (a)	189,814	149,532
— unguaranteed and unsecured	4,926,435	3,391,435
Total borrowings	5,116,249	3,540,967

(a) As at 30 June 2017, a bank borrowing of RMB39,744,000 is guaranteed by China Construction Bank (31 December 2016: RMB44,217,000); a bank borrowing of RMB42,000,000 is guaranteed by Xiamen Port Holding (31 December 2016: RMB73,600,000); a bank borrowing of RMB108,070,000 is guaranteed by a non-controlling shareholder of a subsidiary (31 December 2016: RMB31,715,000).

(b) On 29 June 2016, the XPD issued the first tranche of the Corporate Bonds with a term of five year from the date of issue with a total principal amount of RMB600,000,000 at a fixed interest rate of 3.25% per annum (the "XPD First Tranche Corporate Bonds"). Pursuant to the principal terms Corporate Bonds, at the end of the third year of the term, XPD is entitled to increase the interest rate for the remaining term and the holders of the XPD First Tranche Corporate Bonds may put back all or part of their bonds to Xiamen Port Development at the nominal value.

14. Borrowings (continued)

(c) On 15 June 2016, the Company issued the first tranche of the super short-term notes with a term of 270 days from the date of issuance with an aggregate principal amount of RMB450 million at a fixed interest rate of 3.01% per annum (the "First Tranche Short-Term Notes of XIP") to certain domestic institutional investors in the PRC. On 13 March 2017, the "First Tranche super Short-Term Notes of XIP" was repaid.

On 27 June 2016, the Company issued the second tranche of the short-term notes with a term of one year from the date of issuance with an aggregate principal amount of RMB300 million at a fixed interest rate of 3.04% per annum (the "Second Tranche Short-Term Notes of XIP") to certain domestic institutional investors in the PRC. On 26 June 2017, the "Second Tranche Short-Term Notes of XIP" was repaid.

On 8 September 2016, the Company issued the second tranche of the super short-term notes with a term of 270 days from the date of issuance with an aggregate principal amount of RMB730 million at a fixed interest rate of 2.88% per annum (the "Second Tranche Short-Term Notes of XIP") to certain domestic institutional investors in the PRC. On 2 June 2017, the "Second Tranche super Short-Term Notes of XIP" was repaid.

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 30 June	
	2017 **RMB'000**	2016 RMB'000 (Restated, Note 27)
At 1 January	**3,540,967**	2,644,364
Additions	**2,413,224**	2,582,825
Additions through Business combination (Note 26)	**1,032,320**	—
Changes in amortised costs of debentures	**599**	—
Repayments	**(1,869,895)**	(1,810,405)
Exchange differences	**(966)**	3,436
At 30 June	**5,116,249**	3,420,220

Interests on borrowings for the six months ended 30 June 2017 is RMB78,546,000 (same period of 2016: RMB66,497,000).

15. Share capital

	Domestic shares of RMB1 each RMB'000	H shares of RMB1 each RMB'000	Total RMB'000
As at 30 June 2017 and 31 December 2016	1,739,500	986,700	2,726,200

The domestic shares and H-shares rank pari passu in all material respects except that the dividends in respect of H-shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in RMB. In addition, the transfer of domestic shares is subject to certain restriction imposed by PRC law from time to time.

During the six months ended 30 June 2017, there is no movement in the share capital of the Company.

16. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior executive management team, including the chairman and the general manager that makes strategic decisions.

Management considers the business from service/product perspective and assesses the performance of the following segments: (1) container loading and unloading and storage business; (2) bulk/general cargo loading and unloading business; (3) ancillary value-added port services; (4) manufacturing and selling of building materials; and (5) trading business of merchandise. As all of the Group's activities are conducted in the PRC, virtually all of the Group's revenues and operating profits are earned within the PRC and all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns. As such, management did not evaluate segment on geographical basis.

16. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2017 and 2016 are as follows:

	Six months ended 30 June 2017 (Unaudited)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading business of merchandise RMB'000	Total RMB'000
Total segment revenues	920,837	294,248	530,962	155,414	4,254,267	6,155,728
Inter-segment revenues	–	–	(132,478)	–	–	(132,478)
Revenues	920,837	294,248	398,484	155,414	4,254,267	6,023,250
Operating profit	545,095	45,077	84,913	11,031	14,497	700,613
Finance income						11,318
Finance costs						(77,528)
						634,403
Share of profits less losses of joint ventures	(987)	–	(1,095)	–	–	(2,082)
Share of profits less losses of associates	–	–	(1,323)	1,724	–	401
Profit before income tax expense						632,722
Income tax expense						(129,687)
Profit for the period						503,035
Other information						
Depreciation	129,452	56,161	33,979	2,057	2,890	224,539
Amortisation	38,209	8,627	4,674	124	1,978	53,612
Net provision for impairment of						
– inventories	45	–	–	–	2,921	2,966
– receivables	123	281	5,012	–	6,997	12,413

16. Segment information (continued)

The segment results provided to management for the reportable segments for the six months ended 30 June 2017 and 2016 are as follows (continued):

	Six months ended 30 June 2016 (Unaudited) (Restated, Note 27)					
	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading business of merchandise RMB'000	Total RMB'000
Total segment revenues	738,648	283,995	479,434	145,435	2,307,087	3,954,599
Inter-segment revenues	–	–	(82,253)	–	–	(82,253)
Revenues	738,648	283,995	397,181	145,435	2,307,087	3,872,346
Operating profit	268,862	96,061	37,935	12,421	25,872	441,151
Finance income						26,800
Finance costs						(50,309)
						417,642
Share of profits less losses of joint ventures	25,028	–	(4,585)	–	–	20,443
Share of profits less losses of associates	–	–	(2,096)	1,103	–	(993)
Profit before income tax expense						437,092
Income tax expense						(103,001)
Profit for the period						334,091
Other information						
Depreciation	92,454	25,313	34,866	3,031	2,864	158,528
Amortisation	26,031	5,184	4,272	40	1,390	36,917
Net provision for/(reversal of) impairment of						
– inventories	365	–	–	–	(2,297)	(1,932)
– receivables	(53)	1,375	2,217	494	(655)	3,378

16. Segment information (continued)

The segment information provided to management for the reportable segments as at 30 June 2017 and 31 December 2016 is as follows:

	Container loading and unloading and storage business RMB'000	Bulk/general cargo loading and unloading business RMB'000	Ancillary value-added port services RMB'000	Manufacturing and selling of building materials RMB'000	Trading business of merchandise RMB'000	Total RMB'000
Unaudited						
As at 30 June 2017						
Segment assets	11,819,244	2,867,496	2,353,928	223,641	1,618,461	18,882,770
Include:						
Interests in joint ventures	5,900	–	72,405	–	–	78,305
Interests in associates	–	–	50,865	5,819	–	56,684
Additions to non-current assets	74,743	7,535	64,690	4,490	1,868	153,326
Segment liabilities	742,675	751,986	565,508	105,712	555,326	2,721,207
Audited						
As at 31 December 2016						
Segment assets	9,465,334	2,964,632	2,732,170	213,472	1,459,953	16,835,561
Include:						
Interests in joint ventures	822,339	–	73,500	–	–	895,839
Interests in associates	10,706	–	40,741	7,417	–	58,864
Additions to non-current assets	197,848	225,854	219,577	4,302	5,675	653,256
Segment liabilities	491,189	877,056	1,058,559	121,582	653,098	3,201,484

Management assesses the performance of the operating segments based on operating profit. Finance income and costs are not included in the result for each operating segment that is reviewed by management. Other information provided, except as noted below, to the management is measured in a manner consistent with that in the unaudited condensed consolidated interim financial information.

Segment assets mainly exclude deferred income tax assets and available-for-sale financial assets. These are part of the reconciliation to total balance sheet assets.

Segment liabilities mainly exclude items such as deferred income tax liabilities, taxes payable and borrowings. These are part of the reconciliation to total balance sheet liabilities.

16. Segment information (continued)

Sales between segments are carried out on terms agreed by the parties involved. The revenue from external parties reported to the management meeting is measured in a manner consistent with that in the unaudited condensed consolidated interim income statement.

Reportable segments' assets are reconciled to total assets as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Total segment assets	18,882,770	16,835,561
Add: Deferred income tax assets	290,141	266,649
Available-for-sale financial assets	563,161	412,417
Total assets per consolidated balance sheet	19,736,072	17,514,627

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Total segment liabilities	2,721,207	3,201,484
Add: Deferred income tax liabilities	421,936	383,243
Taxes payable	72,999	79,960
Borrowings	5,116,249	3,540,967
Total liabilities per consolidated balance sheet	8,332,391	7,205,654

17. Other income

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Government subsidies	51,572	42,454
Rental income	33,293	25,159
Dividend income	—	2,852
Others	20,787	581
	105,652	71,046

18. Other gains — net

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Gain on remeasuring existing interests upon acquisition (Note 26)	**201,204**	—
Gain/(losses) on disposal of property, plant and equipment	**2,747**	(608)
Others	**(685)**	(550)
	203,266	(1,158)

19. Operating profit

Operating profit is stated after crediting and charging the following:

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Crediting:		
Dividend income	**—**	2,852
Gains/(losses) on disposal of property, plant and equipment	**2,747**	(608)
Reversal of impairment of		
— inventories	**64**	4,757
— receivables	**1,850**	15,383
Charging:		
Cost of inventories sold/consumed	**4,406,704**	2,425,282
Depreciation of		
— investment properties	**2,649**	2,476
— property, plant and equipment	**221,890**	156,052
Amortisation of		
— land use rights	**46,534**	32,111
— intangible assets	**7,078**	4,806
Provision for impairment of		
— inventories	**3,030**	2,825
— receivables	**15,687**	18,761

20. Finance income and costs

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000 (Restated, Note 27)
Interest income	10,352	30,235
Net foreign exchange gains	966	(3,435)
	11,318	26,800
Interests on bank borrowings	(78,546)	(66,497)
Less: amounts capitalised	1,018	16,188
	(77,528)	(50,309)
Finance costs — net	(66,210)	(23,509)

Borrowing costs capitalised are related to the construction of property, plant and equipment. The weighted average interest rate on such capitalised borrowing costs for the six months ended 30 June 2017 is 3.66% (same period of 2016: 4.94%) per annum.

21. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the year.

Approved by Xiamen Guo Shui Zhi Han [2008] No. 1 issued by State Administration of Taxation Xiamen Branch, Xiamen Songyu Container Terminal Co., Ltd. ("Songyu Terminal"), a subsidiary of the Company, is entitled to a five-year corporate income tax exemption from the first profitable year followed by a 50% reduction in corporate income tax for the subsequent five years, Songyu Terminal became profitable in 2008, therefore the income tax rate for the six months ended 30 June 2017 is 12.5% (2016: 12.5%).

Approved by State Administration of Taxation Xiamen Branch, Xiamen Haiyu Terminal Co., Ltd ("Haiyu") is entitled to a three-year exemption from corporate income tax followed by a 50% reduction in corporate income tax for subsequent three years, commencing from 2014.

21. Income tax expense (continued)

Trend Wood Investments Limited ("Trend Wood") and Xiamen Ocean Shipping Agency Hong Kong Limited ("Hong Kong Ocean Shipping Agency"), both being subsidiaries of the Company, are incorporated in Hong Kong, thus their applicable income tax rate is 16.5%.

For the six months ended 30 June 2017, except for Songyu Terminal, Haiyu, Trend Wood and Hong Kong Ocean Shipping Agency, other subsidiaries of the Company are subjected to an income tax rate of 25%.

The amount of income tax expense charged to the unaudited condensed consolidated interim income statement represents:

	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000 (Restated, Note 27)
PRC corporate income tax expense	**107,426**	109,856
Deferred income tax charge	**22,261**	(6,855)
	129,687	103,001

22. Dividends

At a meeting held on 24 March 2017, the directors of the Company proposed a final dividend (the "2016 Final Dividend") of RMB4.0 cents per share (tax inclusive) for the year ended 31 December 2016, which was subsequently approved at the annual general meeting on 15 June 2017. The 2016 Final Dividend has been reflected as an appropriation of retained earnings for the year ended 31 December 2016.

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (same period of 2016: Nil).

23. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of the Company's shares in issue during the period.

	Unaudited Six months ended 30 June	
	2017	2016 (Restated, Note 27)
Profit attributable to owners of the Company (in RMB)	**260,666,000**	144,956,000
Weighted average number of the Company's shares in issue	**2,726,200,000**	2,726,200,000
Basic earnings per share (in RMB cents)	**9.56**	5.32

Diluted earnings per share is equal to basic earnings per share as the Company has no potential dilutive shares.

24. Commitments

(a) Capital Commitments

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Purchases of property, plant and equipment contracted for but not yet incurred:	**405,380**	272,767

Committed capital expenditure as at 30 June 2017 mainly related to the construction and upgrade of port and storage infrastructure, acquisitions of new loading and other machineries, renovation of buildings. These commitments were entered into by the Group with its suppliers before 30 June 2017 but the related capital expenditure had not been incurred as at that date.

(b) Commitment for deposit of BT project

As at 30 June 2017, the total commitment for BT project is estimated to be approximately RMB 21,690,000 (31 December 2016: RMB 20,300,000). Details are set out in Note 10(a).

25. Significant related party transactions

(a) During the six months ended 30 June 2017 and 30 June 2016, save as disclosed elsewhere in the notes in the consolidated financial statements, the Group had the following significant transactions with related parties:

	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000 (Restated, Note 27)
Transactions with the parent company		
Revenues		
Electricity supply and maintenance services rendered	508	68
Expenses		
Operating lease rental in respect of land, port facilities and office premises	14,158	14,680
Others		
Purchase of property, plant and equipment	–	10,044
Transactions with fellow subsidiaries		
Revenues		
Port services	12,259	15,599
Electricity supply and maintenance services rendered	11,316	16,139
Trading Sales	908	585
Expenses		
Office and property management	6,654	6,538
Operating lease in respect of land and office premises	8,734	3,889
Comprehensive service fee	10,794	10,329
Labour services	39,984	21,966
Project management service rendered	2,524	1,534
Information Services	3,368	1,552
Others		
Purchases of property, plant and equipment	41,227	33,309

25. Significant related party transactions (continued)

(a) (continued)

	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000 (Restated, Note 27)
Transactions with joint ventures		
Revenues		
Power supply and maintenance and electrical equipment maintenance	4,385	5,326
Transportation service rendered	6,215	17,354
Loading and unloading services	12,398	32,670
Custom inspection service rendered	1,225	1,759
Tally service	120	166
Operating lease in respect of land and office premises rendered	5,987	4,760
Interests income from entrusted loans	3,414	7,088
Expenses		
Loading and unloading services	21,970	79,138
Transactions with other related parties		
Revenues		
Loading and unloading services rendered	81,792	23,944
Expenses		
Purchase of commercial goods	21,321	17,266
Transactions with associates		
Revenues		
Transportation service rendered	–	222

The above significant transactions with related parties are determined based on the terms mutually agreed by the parties involved.

25. Significant related party transactions (continued)

(b) The balances with related parties of the Group at the balance sheet dates are as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Balances with the parent company		
Accounts receivable	588	110
Other receivables and prepayments	41,346	280
Dividends payable	112,159	3,111
Accounts payable	115,946	110,011
Other payables and accruals	1,718	501,596
Balances with fellow subsidiaries		
Accounts receivable	25,264	14,142
Other receivables and prepayments	425	2,573
Accounts payable	46,798	50,183
Other payables and accruals	22,204	20,627
Balances with associates		
Accounts receivable	—	543
Accounts payable	3	436
Other payables and accruals	22	3,211
Balances with joint ventures		
Accounts receivable	14,562	57,368
Other receivables and prepayments	1,117	441,445
Accounts payable	236	65,448
Other payables and accruals	101	64,300
Balance with non-controlling shareholders of subsidiaries		
Dividends payable	449,458	421,323
Balances with other related parties		
Accounts receivable	25,573	16,450
Other receivables and prepayments	2,043	1,646
Accounts payable	102	—
Other payables and accruals	9,951	883

25. Significant related party transactions (continued)

(c) Key management compensation:

	Unaudited Six months ended 30 June 2017 RMB'000	2016 RMB'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**1,941**	1,797
Contributions to pension plans	**253**	239
	2,194	2,036

26. Business combinations

(a) Acquisition of Xinhaida

On 13 February 2017, Xiamen Container Terminal Group Co., Ltd. ("XCTG") has entered into the acquisition agreement with Initial Sun Limited ("Initial Sun"), pursuant to which XCTG has agreed to acquire 20% equity interest in Xiamen Haicang Xinhaida Container Terminals Co., Ltd. ("Xinhaida") from Initial Sun at the cash consideration of RMB138,336,800 (the "Acquisition").

Before the Acquisition, Xinhaida was held by Trend Wood (a non-wholly owned subsidiary of XCTG), Xiamen Haicang Investment Group Co., Ltd. and Initial Sun with respective share of 46%, 34% and 20%. Xinhaida was accounted for as a joint venture by the Group.

After the Acquisition, the equity interests of Xinhaida are held by Trend Wood as to 46%, Xiamen Haicang Investment Group Co., Ltd. as to 34% and XCTG as to 20% respectively. As a result, Xinhaida is accounted for as a subsidiary of the Group from 13 February 2017.

The following table summarises consideration paid for, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

26. Business combinations (continued)

(a) Acquisition of Xinhaida (continued)

Consideration: At 13 February 2017	RMB'000
Fair value of equity interest held by the Group before the Acquisition of Xinhaida	307,012
Cash and cash equivalents	138,337
Total consideration	**445,349**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	52,127
Trade and other receivables	83,768
Inventories	4,048
Land use rights (Note 6)	573,024
Intangible assets (Note 6)	57,385
Property, plant and equipment (Note 6)	1,619,719
Available-for-sale financial assets	1,513
Deferred tax asset	13,347
Trade and other payables	(696,326)
Borrowings (Note 14)	(1,032,320)
Total identifiable net assets	**676,285**
Non-controlling interest	(229,937)
Gain on the Acquisition of Xinhaida (Note 17)	**999**

26. Business combinations (continued)

(b) Acquisition of Xiamen International Container Terminals Ltd. ("XICT")

On 15 May 2017, XCTG has entered into an agreement with Hutchison Ports Xiamen Ltd. ("HXC") in relation to Xiamen International Container Terminals Ltd. ("XICT"), the equity interest of which is owned by XCTG as to 51% and by HXC as to 49%. Pursuant to the agreement, XCTG and HXC agreed that with immediate effect that they will act in accordance with the agreed mechanism, the effect of which is that XCTG is able to exercise control over XICT. No consideration has been and shall be given by the Group for the arrangements contemplated under the agreement. As a result, XICT is accounted for as a subsidiary of the Group from 15 May 2017.

The following table summarises consideration paid for, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date.

Consideration: At 15 May 2017	RMB'000
Fair value of equity interest held by the Group before the Acquisition of XICT	708,646
Total consideration	**708,646**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	115,539
Trade and other receivables	147,608
Inventories	15,010
Land use rights (Note 6)	334,352
Intangible assets (Note 6)	38,058
Property, plant and equipment (Note 6)	780,910
Deferred tax asset	4,127
Trade and other payables	(46,102)
Total identifiable net assets	**1,389,502**
Non-controlling interest	(680,856)
Gain on remeasuring existing interest in XHICT on acquisition (Note 17)	**200,205**

27. Business combination under common control

On 29 June 2016, XPD, a subsidiary of the Company, entered into an equity interest transfer agreement with XPHG and a supplemental agreement on 12 August 2016 (collectively the "Agreements'). Pursuant to the Agreements, XPD will acquire 51% equity interest of Xiamen Port Group Shihushan Terminal Company Limited ("Shihushan") from XPHD at a cash consideration of RMB716,494,000 ("Acquisition of Shihushan").

Shihushan has been under control of XPHG from its start of operation in 2002. Therefore, the financial information of Shihushan has been combined in the consolidated financial statements of the Company as if the combination had occurred since then. The comparative amounts in the consolidated financial statements are restated accordingly.

The effects of the business combination under common control on the financial position as at 1 January 2016 and 30 June 2016, comprehensive income and the cash flows of the Group for the six months ended 30 June 2016 are shown in the following tables:

	As at 1 January 2016 (previously stated) RMB'000	Impact of business combination under common control RMB'000	As at 1 January 2016 as presented RMB'000	As at 30 June 2016 (previously stated) RMB'000	Impact of business combination under common control RMB'000	As at 30 June 2016 As presented RMB'000
Equity attributable to owners of the Company						
Share capital	2,726,200	–	2,726,200	2,726,200	–	2,726,200
Reserves	2,164,718	225,662	2,390,380	2,175,416	243,239	2,418,655
	4,890,918	225,662	5,116,580	4,901,616	243,239	5,144,855
Non-controlling interests	4,512,021	563,329	5,075,350	4,529,507	608,953	5,138,460
Total equity	9,402,939	788,991	10,191,930	9,431,123	852,192	10,283,315

27. Business combination under common control (continued)

	For the six months ended 30 June 2016 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2016 as presented RMB'000
Revenues	3,681,972	190,374	3,872,346
Cost of sales	(3,228,700)	(110,078)	(3,338,778)
Gross profit	453,272	80,296	533,568
Other income	70,123	923	71,046
Other losses – net	(1,158)	–	(1,158)
Selling and marketing expenses	(21,981)	(4,489)	(26,470)
General and administrative expenses	(127,364)	(8,471)	(135,835)
Operating profit	372,892	68,259	441,151
Finance income	26,362	438	26,800
Finance costs	(44,419)	(5,890)	(50,309)
	354,835	62,807	417,642
Share of profits less losses of joint ventures	16,078	4,365	20,443
Share of profits less losses of associates	(993)	–	(993)
Profit before income tax expense	369,920	67,172	437,092
Income tax expense	(99,030)	(3,971)	(103,001)
Profit for the period	270,890	63,201	334,091
Profit attributable to:			
Owners of the Company	127,379	17,577	144,956
Non-controlling interests	143,511	45,624	189,135
	270,890	63,201	334,091

27. Business combination under common control (continued)

	For the six months ended 30 June 2016 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2016 as presented RMB'000
Profit for the period	270,890	63,201	334,091
Other comprehensive loss, net of tax			
Items that may be reclassified subsequently to profit or loss			
— Fair value losses on available-for-sale financial assets, net of tax	(7,633)	—	(7,633)
Total comprehensive income for the period	263,257	63,201	326,458
Total comprehensive income for the period attributable to:			
— Owners of the Company	119,746	17,577	137,323
— Non-controlling interests	143,511	45,624	189,135
	263,257	63,201	326,458

27. Business combination under common control (continued)

	For the six months ended 30 June 2016 (previously stated) RMB'000	Impact of business combination under common control RMB'000	For the six months ended 30 June 2016 as presented RMB'000
Net cash generated from operating activities	193,613	73,445	267,058
Net cash used in investing activities	(279,198)	(214,216)	(493,414)
Net cash generated from financing activities	633,181	140,000	773,181
Net change in cash and cash equivalents	547,596	(771)	546,825
Cash and cash equivalents at beginning of period	776,370	85,363	861,733
Exchange gains on cash and cash equivalents	819	–	819
Cash and cash equivalents at end of period	1,324,785	84,592	1,409,377

28. Subsequent event

From 30 June 2017 to the date of this interim report, there are no important events affecting the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS REVIEW

In the first half of 2017, as the global economy continued to recover, demand from major economies such as the United States and Europe picked up, and China's economy continued to maintain steady medium-high growth. The gross domestic product ("GDP") of the China in the first half of the year maintained a year-on-year growth of 6.9% with the economy operation being kept within a reasonable range, whereas the total value of imports and exports of the China rebounded with a year-on-year growth of 19.6%. Facing the complex and volatile economic and trade situation in domestic and abroad, the Group fully leveraged its scale advantage, strengthened its strategic cooperation with major shipping companies, timely adopted effective marketing strategies, and proactively expanded incremental business of its principal port business, so as to increase its business income. Meanwhile, the Group promoted the construction of green and smart ports to improve the quality of port services, and deepened the refined management to strictly control the various operating costs, so as to promote sustainable growth of the production and operation efficiency of the Group.

During the six months ended 30 June 2017, the Group recorded a revenue of approximately RMB6,023,250,000, representing an increase of approximately 55.55% as compared with approximately RMB3,872,346,000 (restated) in the same period of 2016. Profit attributable to the owners of the Company was approximately RMB260,666,000, representing an increase of approximately 79.82% as compared with approximately RMB144,956,000 (restated) in the same period of 2016. Basic and diluted earnings per share attributable to the owners of the Company were approximately RMB9.56 cents (the same period of 2016: approximately RMB5.32 cents (restated)). The increase was mainly due to the increase in revenues from the trading business of merchandise, container loading and unloading and storage business of the Group.

BUSINESS REVIEW

The Group is principally engaged in the relevant port terminal businesses at 30 self-owned berths and 4 leased berths in Dongdu port area and Haicang port area in Xiamen and berth No. 8 in Qingzhou Operating Area in Fuzhou ("Fuzhou Zhongying Terminal"), including container port operations, bulk/general cargo port operations and ancillary value-added port services.

In addition, the Group is also engaged in the manufacturing, processing and selling business of building materials as well as trading business of merchandise (such as chemical products and steel).

Container Port Business

In the first half of 2017, the Group achieved a total container throughput of 4,007,766 Twenty-Foot Equivalent Units ("TEUs") for its container business, and details of container throughput achieved by each terminal were as follows:

	Container throughput Six months ended 30 June 2017 (TEUs)	2016 (TEUs)	Increase/ (Decrease)
Haitian Terminal and Hairun Terminal of the Group#	**2,030,118**	2,001,617	1.4%
XICT and XHICT*	**562,032**	663,512	(15.3%)
Songyu Terminal⊕	**647,179**	517,926	25.0%
Xinhaida Terminal⊕	**632,138**	610,152	3.6%
Total throughput in Xiamen region	**3,871,467**	3,793,207	2.1%
Fuzhou Zhongying Terminal∆	**136,299**	114,164	19.4%
Total throughput	**4,007,766**	3,907,371	2.6%

Since 1 January 2016, XCTG and Xiamen Hairun Container Terminals Co., Ltd. ("Hairun Terminal") have successively leased and operated Haitong Terminal (Songyu berths No. 4 to No. 6) from Xiamen Haitong Terminal Co., Ltd. respectively, a non-wholly owned subsidiary of Xiamen Port Holding, due to their business development requirements. Therefore, for the purpose of operating information set out herein, the related operating figures of Haitian Terminal and Hairun Terminal included the figures relating to the container business of Dongdu berths No. 5 to No. 16, Haitong Terminal and berths No. 4, No. 5 and No. 6 in Haicang port area of Xiamen port.

* XICT and Xiamen Haicang International Container Terminals Ltd. ("XHICT") are the joint ventures established by XCTG with HXC and Hutchison Ports Haicang Limited, respectively. Since 1 September 2008, as a result of the commencement of unified operation between XICT and XHICT, the relevant operating information of XICT also included the figures of XHICT, which were consolidated in the calculation and 100% included in the port business. The Company adopted HKFRS 11 "Joint Arrangements" for the financial year beginning on 1 January 2013 and determined the Group's jointly controlled entities as joint ventures with the interest accounted for using equity method; pursuant to the relevant agreement and arrangement entered into on 28 November 2016, XHICT has become a subsidiary of the Group since then; pursuant to the relevant agreement and arrangement entered into on 15 May 2017, XICT has become a subsidiary of the Group since then.

⊕ Songyu Terminal and Xinhaida Terminal are terminals controlled and operated, directly or indirectly, by the Group and XCTG. The relevant operating figures of the above two terminals were 100% calculated into the port business.

∆ Since 20 November 2012, the Group leased and operated Fuzhou Zhongying Terminal from Fuzhou Zhongying Gangwu Co., Ltd. ("Zhongying Gangwu") for operating container and general cargo loading and unloading business and the port-related comprehensive logistics business.

In the first half of 2017, the container business of the Group maintained a continuous growth on the whole. The container business in Xiamen slightly increased by approximately 2.1% over the same period of 2016, of which, the container throughput for international trade was approximately 2.678 million TEUs in the first half, representing a decrease of approximately 2.6%, which was mainly due to the fierce competition for foreign trade terminals in Xiamen port as a result of route adjustments and shifting to the associated terminals within Xiamen port affected by the alliance of the relevant shipping companies, despite the significant growth of the international container vessel transloading and domestic feeder-line container transshipment business under the Group in the first half; the container throughput for domestic trade was approximately 1.193 million TEUs in the first half, representing an increase of approximately 14.4%, which was mainly due to further increase in the departure density by the relevant shipping companies, resulting in the growth in container transshipment and local container business volume. The container business of Fuzhou Zhongying Terminal increased by approximately 19.4% compared to the same period of 2016, which was mainly due to its strengthened cooperation with external container yards and the effective expansion of container joint shipping business for both international and domestic trade.

In response to the above circumstances, the Group has proactively reinforced communication with the relevant shipping companies, implemented highly targeted marketing initiatives, strived to stabilize and expand the relevant routes and shipments, as well as concentrated our efforts on maintaining and growing the port business. Meanwhile, the Group also continued to improve the capacity level of berthing service and the operation capacity and scale of its port terminals, developed the service commitment standards and rules for implementation and strived to enhance its overall competitiveness, so as to attract shipping routes and cargo sources and promote the sustained development of its container business.

Bulk/General Cargo Port Business

In the first half of 2017, the bulk/general cargo throughput handled by the Group amounted to a total of 13,494,862 tonnes with details were as follows:

	Bulk/general cargo throughput Six months ended 30 June		
	2017 (tonnes)	2016 (tonnes)	Increase
Hailong Terminal, XICT, XHICT, ITG Terminal and Berth No. 2 of Dongdu Terminal#	**4,325,179**	4,146,133	4.3%
Songyu Terminal*	**17,622**	8,083	118.0%
Shihushan Terminal, Haiyi Terminal and Haiyu Terminal⊕	**9,126,651**	—	100%
Total throughput in Xiamen region	**13,469,452**	4,154,216	224.2%
Fuzhou Zhongying TerminalΔ	**25,410**	16,497	54.0%
Total throughput	**13,494,862**	4,170,713	223.6%

Xiamen Hailong Terminal Co., Ltd. ("Hailong Terminal") (the berths No. 20 and No. 21 of Haicang port area of Xiamen port) has been put into trial operation since August 2016. Since 1 September 2008, due to the commencement of unified operation between XICT and XHICT, the relevant operating information of XICT also included the figures of XHICT, which were consolidated in the calculation and 100% included in the port business; due to the fulfillment of the arrangement of non-competition undertaking made by the Company to Xiamen Port Development, XICT has leased its underlying assets to Xiamen Port Development for the period from 1 July 2015 to 31 March 2017, and to Hailong Terminal for the period since 1 April 2017, for operating its bulk/general cargo business; XICT and XHICT have ceased the operation of their bulk/general cargo business since 1 July 2015 correspondingly. Due to the related land and assets resumption in Dongdu Terminal, the other bulk/general cargo business has been gradually transferred to ITG terminal (berths No. 20 and No. 21 in Dongdu port area) since 1 April 2014, except that the related bulk cargo businesses, such as grain bulk business in berth No. 2, were still operated in this berth before August 2016; ITG Terminal has been leased to Xiamen Port Development for the period from 1 April 2014 to 30 June 2017, and to Hailong Terminal since 1 July 2017, correspondingly for specializing in operation of bulk/general cargo business; the related bulk cargo businesses such as grain bulk business in berth No. 2 of Dongdu Terminal have been transferred to Hailong Terminal since August 2016. In addition, Dongdu Terminal and Hailong terminal have successively leased part area of Mingda Terminal (berth No. 8 in Haicang port area of Xiamen port), for the period from November 2009 to June 2017, and from 1 July 2017, respectively, for operating transshipment business of the loading and unloading of bulk/general cargo. Therefore, for the purpose of the operational information set out herein, the relevant operating figures of bulk/general cargo of the relevant terminals of this column contain the operating figures of bulk/general cargo of berth No. 2 of Dongdu Terminal, berths No. 20 and No. 21 of Dongdu port area, berths No. 1 to No. 3 of Haicang port area, berths No. 8, No. 20 and No. 21 of Haicang port area.

* Since Songyu Terminal was a terminal controlled and operated, directly or indirectly, by the Group and XCTG, its relevant operating figures was 100% calculated into the port business.

⊕ Xiamen Port Group Shihushan Terminal Company Limited ("Shihushan Terminal"), Xiamen Port Haiyi Terminal Co., Ltd. ("Haiyi Terminal") and Haiyu Terminal have been incorporated into the Group at the end of November 2016. Therefore, the relevant operating figures of the above three terminals were included in this report correspondingly.

Δ Since 20 November 2012, the Group has leased and operated Fuzhou Zhongying Terminal from Zhongying Gangwu for operating its container and general cargo loading and unloading business, as well as its port-related comprehensive logistics business.

The Group's bulk/general cargo business increased significantly as compared with the first half of 2016, which was mainly due to the inclusion of the business volume figures relating to coal and iron ore businesses of these terminals in the business figure of bulk/general cargo business in the first half of this year as result of incorporation of Shihushan Terminal, Haiyi Terminal and Haiyu Terminal into the Group at the end of 2016; excluding this factor, the throughput of bulk/general cargo business of the Group increased by 4.7% in the first half as compared with the same period of last year, mainly due to the significant growth in the steel, grain and copper concentrates businesses in the first half as compared with the same period of last year.

Ancillary Value-added Port Services

During the reporting period, the ancillary value-added port services of the Group, mainly including shipping agency, tallying, tugboat-assisted berthing and unberthing and port-related logistics services, have maintained a steady development on the whole. Of which, the shipping agency business recorded light decrease in its share in the market of public vessel agency of container liners due to the effect of shipping companies' alliances and service homogeneity, while the business volume and operating efficiency improved as compared to the same period of last year. The combination of tallying business and new technologies has been continuously deepened, the business model has been innovated constantly to adapt to the market changes and the new profit growth point has been gradually fostered and developed. The in-port operation of the tugboat-assisted berthing and unberthing business in the first half increased slightly as compared with the same period of last year, while the out-of-port business remained flat as compared with the same period of last year. The two newly constructed tugs had been put into operation in the port in May 2017, while another two new tugs are expected to arrive at the port by the end of this year. The port-related logistics business remained stable in the first half of the year, the traditional warehouse storage and on-site packaging have made a breakthrough in transformation and upgrading, and the export supervised warehouse of Haicang has been approved by the customs.

Trading Business of Merchandise

In the first half of 2017, the Group operated its merchandise trading business by closely adhering to the operation concept of "Promoting Port with Trade, Driving Trade with Port and Combination of Port and Trade", and through exploring the opportunities, strictly controlling the risks and steadily promoting the business, it built successful cooperation with the relevant coal groups and the key shipping companies in China, innovated and implemented the mode of coal container procurement and distribution, and enlarged the scale of combination of port and trade, and at the same time created the considerable cargo sources for the Group and enhanced the terminal throughput of the Group. Moreover, by leveraging on the development of transshipment trade and cross-border e-commerce business, the Group set up a relevant company in Hong Kong in the first half of the year for promoting the development diversification of trading business in a prudent way.

FINANCIAL REVIEW

Revenue

Revenues of the Group increased by approximately 55.55% from approximately RMB3,872,346,000 (restated) for the six months ended 30 June 2016 to approximately RMB6,023,250,000 for the six months ended 30 June 2017. The increase was mainly due to the increase in revenues from the trading business of merchandise and container loading and unloading and storage business of the Group.

Revenue by business sector

Business	Six months ended 30 June 2017 (RMB'000)	2016 (RMB'000) (Restated)	Increase
Container loading and unloading and storage business	**920,837**	738,648	24.67%
Bulk/general cargo loading and unloading business	**294,248**	283,995	3.61%
Ancillary value-added port services	**398,484**	397,181	0.33%
Manufacturing and selling of building materials	**155,414**	145,435	6.86%
Merchandise trading business	**4,254,267**	2,307,087	84.40%
Total	**6,023,250**	3,872,346	55.55%

The major reasons for the changes in the revenue of each business sector for the six months ended 30 June 2017 compared with the corresponding period of last year are as follows:

1. The revenue of container business of the Group has increased by approximately 24.67% for the six months ended 30 June 2017, which was mainly caused by the consolidation of XHICT in November 2016 and consolidations of Xinhaida Terminal and XICT in 2017. This led to the increase in the revenue of the container loading and unloading and storage business correspondingly;

2. The bulk/general cargo loading and unloading business volume slightly increased compared to the same period of 2016 excluding the impact on the figures for the two years from business consolidation of Shihushan Terminal, Haiyi Terminal and Haiyu Terminal, which was resulted from the commencement of operating activities at Hailong Terminal this year.

3. The throughput of Xiamen port increased in this period, which led to the increase in the revenue of the ancillary value-added port services of the Group;

4. Due to the price increase in concrete, the revenue of the manufacturing and selling of building materials business showed an upward trend in this period; and

5. The Group expanded the scale of trading business, which led to a significant increase in the revenue of the trading business of merchandise such as coal, steel, chemical products and wastepaper.

Cost of Sales

Cost of sales of the Group increased by approximately 63.38% from approximately RMB3,338,778,000 (restated) for the six months ended 30 June 2016 to approximately RMB5,454,853,000 for the six months ended 30 June 2017. The increase was primarily due to the increases in the cost of inventories sold, transportation and employee benefit cost.

- Cost of inventories sold of the Group increased by approximately 81.70% from approximately RMB2,425,282,000 (restated) for the six months ended 30 June 2016 to approximately RMB4,406,704,000 for the six months ended 30 June 2017. The increase was mainly due to the Group's expansion of the scale of trading business and the increase in the volume of the trading business of merchandise, which led to the corresponding increase in cost.

- Transportation and labour services outsourcing cost of the Group increased by approximately 21.18% from approximately RMB325,022,000 (restated) for the six months ended 30 June 2016 to approximately RMB393,861,000 for the six months ended 30 June 2017. The increase was mainly due to the consolidations of XHICT in November 2016, Xinhaida Terminal and XICT in 2017.

Other (Losses)/Gains — Net

Other (losses)/gains — net of the Group increased by approximately 17,653.20% from a loss position with an amount of approximately RMB1,158,000 for the six months ended 30 June 2016 to a gain position with an amount of approximately RMB203,266,000 for the six months ended 30 June 2017. This was due to the investment income of RMB200,205,000 gained from the consolidation of XICT, of which, attributable to owners of the Company amounted to RMB119,622,000.

Liquidity, Financial Resources and Capital Structure

The Group mainly utilized its cash for investments, operating costs, construction of terminals and berths and repayment of loans. As at 30 June 2017, the balance of the Group's cash and cash equivalents amounted to approximately RMB739,100,000 (as at 31 December 2016: approximately RMB1,140,956,000 (restated)). The decrease was mainly due to Xiamen Port Development's payment of consideration for combination of Shihushan Terminal and acquisition of Xinhaida Terminal.

Borrowings of the Group increased by approximately 44.49% from approximately RMB3,540,967,000 (restated) as at 31 December 2016 to approximately RMB5,116,249,000 as at 30 June 2017. The increase in borrowings is mostly for the consideration payment of Xinhaida Terminal and Shihushan Terminal. In addition, the period-end balance of borrowings of Xinhaida Terminal amounting to RMB1,042,300,000 was incorporated in the Group's consolidated balance sheet ended 30 June 2017.

As at 30 June 2017, the guaranteed bank borrowings of the Group was approximately RMB189,814,000, which are guaranteed by state-owned banks (as at 31 December 2016: RMB149,532,000 (restated)).

Gearing Ratio

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the condensed consolidated interim balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" (as shown in the condensed consolidated interim balance sheet) plus net debt.

The gearing ratios as at 30 June 2017 and 31 December 2016 were as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Total borrowings	**5,116,249**	3,540,967
Less: cash and cash equivalents	**(739,100)**	(1,140,956)
Net debt	**4,377,149**	2,400,011
Total equity	**11,403,681**	10,311,973
Total capital	**15,780,830**	12,711,984
Gearing ratio (%)	**27.74%**	18.88%

As at 30 June 2017, the Group had a net debt position.

Other Financial Information

As at 30 June 2017, the available-for-sale financial assets of the Group increased from approximately RMB412,417,000 as at 31 December 2016 to approximately RMB563,161,000, the increase was mainly because the Group has subscribed certain new wealth management products amounting to an aggregate of RMB150,000,000 during this reporting period.

Capital Expenditure Commitments

As at 30 June 2017, the Group's capital expenditure commitments amounted to approximately RMB405,380,000, primarily consisting of expenditure for constructing and upgrading port and storage infrastructure, acquisition of new loading machinery and other machineries and building renovation.

Exchange Rate and Interest Rate Risk

The Group's bank borrowings are denominated in RMB, Hong Kong dollars and US dollars. To the extent that RMB appreciates (or depreciates) against Hong Kong dollars and US dollars, the value of bank borrowings and repayment cost of such borrowings will decrease (or increase) correspondingly. In addition, since only a minor part of the business revenue of the Group is settled in foreign currencies, the fluctuation in RMB exchange rate has no material impact on the business operations of the Group. The Board believes that the appreciation of RMB had no material impact on the operating results and financial position of the Group as at 30 June 2017. The Group has not used any means to hedge its foreign currency exposure currently, nevertheless, the foreign currency exposure is still monitored by the Board, who will consider hedging any significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 June 2017, the Group had no significant contingent liabilities.

EMPLOYEES

As at 30 June 2017, the Group had a total of 7,309 employees, representing an increase of 252 employees as compared to 31 December 2016, the main reason for the increase is that Xinhaida Terminal was accounted for as a subsidiary of the Group in the first half of this year (for details, please refer to the section titled "OTHER MAJOR EVENTS" of this interim report), and the number of its employees was calculated into that of the Group correspondingly. Employees' remuneration package of the Group is determined by their positions, performance, qualifications and the prevailing industry practices. Employees may be granted with bonus and awards depending on the annual results of operations and the assessment of their performance. In addition, the grant of awards is an impetus to motivate each employee, while the enterprise annuity will enhance the pension insurance treatment of the employees after retirement. Employees are also entitled to public holidays and other holidays as stipulated by the relevant regulations.

ESTABLISHMENT OF NEW COMPANIES

On 25 May 2017, Xiamen Port Trading Co., Ltd. (廈門港務貿易有限公司) ("Xiamen Port Trading"), a subsidiary of the Company, invested to establish Xiamen Port Haiheng (Hongkong) Limited (廈門港務海衡 (香港) 有限公司) ("Haiheng (Hongkong)") in Hong Kong, which is principally engaged in the import and export and transshipment of cargos and technologies, trade services, etc. The registered capital of Haiheng (Hongkong) is HK$3.0 million, which is wholly owned by Xiamen Port Trading, and the relevant registration procedures have been completed.

On 15 June 2017, China Xiamen Foreign Shipping Agency Co., Ltd. (中國廈門外輪代理有限公司) ("Xiamen Foreign Shipping Agency") and Xiamen Port Transport Co., Ltd. (廈門港務運輸有限公司) ("Xiamen Port Transport"), both subsidiaries of the Company, and Xiamen Port Financial Holding Co., Ltd. (廈門港務金融控股有限公司) ("Xiamen Port Financial Holding"), a subsidiary of Xiamen Port Holding, a controlling shareholder of the Company, jointly injected funds to establish Xiamen Port Hairongtong Supply Chain Management Company Limited (廈門港務海融通供應鏈管理有限公司) ("Hairongtong") in Xiamen, Fujian Province, which is principally engaged in the supply chain management, investment and investment management and consultancy, asset management, enterprise management consultancy, financial information service, business information consultancy, automotive retail. The registered capital of Hairongtong is RMB7,000,000, which is held as to 10% by Xiamen Foreign Shipping Agency, 15% by Xiamen Port Transport and 75% by Xiamen Port Financial Holding, and the relevant industrial and commercial registration procedures have been completed.

On 16 June 2017, Ji'an Port Development Co., Ltd. (吉安港務發展有限公司) ("Ji'an Port"), a subsidiary of the Company, invested to establish Ji'an Port Nankang Branch (吉安港務南康分公司) in Nankang District, Ganzhou, Jiangxi Province, which is principally engaged in the wholesale, retail and online trade agency of health food, prepackaged food and unpacked food, dairy products, agricultural and poultry products, daily necessities, knitwear and textile products, stationery and sporting goods, hardware and electrical appliances, clothing, footwear and headwear and communication equipment. The relevant industrial and commercial registration procedures have been completed.

OTHER MAJOR EVENTS

On 13 February 2017, XCTG completed the acquisition of the 20% equity interests held by Initial Sun in Xinhaida Terminal, whereby XCTG and Trend Wood, a wholly-owned subsidiary of XCTG, and therefore now held a total of 66% equity interests in Xinhaida Terminal. In view of the completion of the aforesaid acquisition of equity interests and the amendments synchronously made to the articles of association of Xinhaida Terminal, Xinhaida Terminal shall be accounted for as a subsidiary of the Group upon completion of the said acquisition. For details, please refer to the announcements of the Company dated 16 December 2016 and 13 February 2017, respectively.

On 24 March 2017, Zhangzhou Gulei Port Development Company Limited (漳州市古雷港口發展有限公司) ("Gulei Port Development"), an indirect subsidiary of the Company, entered into a construction contract with CCCC Third Navigational Engineering Bureau Co., Ltd. (中交第三航務工程局有限公司) as contractor in relation to the construction of berths No. 1 and No. 2 in the north of Gulei work zone in Gulei port area, Zhangzhou, Fujian Province at a total of consideration of RMB637,530,000. The construction period of the above construction works is expected to be 30 months and the relevant contract consideration shall be paid directly to the contractor by Gulei Port Development pursuant to the contract. For details of the above transaction, please refer to the announcement of the Company dated 24 March 2017.

On 15 May 2017, XCTG and HXC entered into an agreement in relation to XICT, pursuant to which XCTG and HXC have agreed to act in accordance with the agreed mechanism with regard to the approval of its special corporate matters by the board of directors of XICT for the period commencing on the date of the agreement and ending on 31 December 2022, unless otherwise extended by the relevant parties prior to expiry. By virtue of and in view of the arrangements contemplated under the agreement, XICT shall be accounted for as a subsidiary of the Group in accordance with the HKFRS. For details of the above transaction, please refer to the announcement of the Company dated 15 May 2017.

On 15 June 2017, the annual general meeting of the Company resolved and approved the submission of new application by the Company to the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) for the registration of the issue of short-term notes in China on a revolving basis with the aggregate maximum principal amount of up to RMB2,500,000,000 and the term of each tranche of 365 days commencing from the date of issue concerned; the above matters are subject to the approval of, and the completion of the relevant registration procedures with, the National Association of Financial Market Institutional Investors. For more details of the above matters, please refer to the notice of the Company dated 27 April 2017 and the announcement of the Company dated 15 June 2017, respectively.

PROSPECT AND OUTLOOK

In general, the domestic and international economic environment in the second half of the year will be relatively complex. On the one hand, the market confidence will eventually return as the global economic growth is expected to moderately recover after bottoming out last year and the manufacturing and trade sectors will also rebound. According to the "Global Economic Prospects" report published by the World Bank in June this year, it is forecasted that the global economic growth rate will rise to 2.7% in 2017; according to the relevant analysis of National Bureau of Statistics of the PRC and the General Administration of Customs of the PRC, the national economic operation of China in the first half of the year continued to maintain its steady yet progressive development momentum, thus laying a solid foundation for the achievement of full-year anticipated goals. On the other hand, as there are still more unstable factors and uncertainties in economic operation in the second half of the year, the international anti-globalization thoughts and trade protectionism trends have imposed uncertainties on the global economic recovery, which in turn may affect the pace of the global economic recovery; affected by the financial deleveraging and tighter regulation as well as the restructuring of the real estate market, the national economy may face certain callback pressure in the short term, and in the second half of the year, China's economic growth may slow down slightly, but it is still expected to achieve the anticipated goals for the economic growth for the full year; meanwhile, the impact of the continued deepening of the shipping companies' alliances on the port business has gradually been felt. Confronting with the complex and evolving economic environment, the Group will strengthen its confidence, always focus on cost-efficiency, proactively leverage its overall advantages, flexibly adopt various positive marketing strategies and solving measures and enhance the corporate operational efficiency, while maximizing its efforts to deliver better returns on investments for all shareholders of the Company. Considering the actual circumstances, the Group will focus on the following tasks in the second half of the year:

- To deepen the overall marketing. Firstly, the Group will fully leverage on its overall advantages and scale effect, promote the interactive development of its port business and ancillary value-added port services, improve the external overall competitiveness of various businesses and strive to stabilize its market share. Secondly, the Group will reinforce its precision marketing efforts, implement the measure of "One Enterprise, One Strategy" for key customers, and expand various incremental businesses through its precision marketing strategies, such as international trade and domestic trade container transshipment. Thirdly, the Group will seize the policy opportunities and boost its principal port business growth by exploring the shipping routes businesses under the "One Belt, One Road" initiative with major shipping companies.

- To explore the cargo sources in hinterlands. Firstly, the Group will facilitate the construction of the hinterlands of cargo sources. The Group will strengthen the project cooperation with major customers and further expand the hinterland of Xiamen port to other areas, such as the Yangtze river basin and Bohai Bay; the Group will flexibly use various methods to consolidate the construction of sub-route ports and land-based ports in line with local conditions, enhance the radiation ability of Xiamen port for its hinterlands and fortify the supporting base of its port cargo sources. Secondly, the Group will explore the basic and premium cargo sources. The Group will leverage the geographical advantages of Hailong Terminal and stabilize and develop the premium cargo sources, such as steel and cereals. In addition, the Group will fully take the advantage of the favorable opportunities brought by the fact that Class II ports approved by the provincial governments are prohibited by the State from being engaged in the coal import business and that Shihushan Terminal and other terminals as Class I ports are not affected by the relevant policies, strive to secure new cargo sources and enlarge the port throughput.

- To enhance the service level. Firstly, the Group will promote the supply-side reform. The Group will strengthen cooperation with the customs and the inspection and quarantine departments, facilitate customs clearance, promote the innovation of business model and cultivate new growth points for its container business. Moreover, the Group will reinforce its service benchmarking and production safety, strictly execute its service commitments and constantly improve its overall service environment and service quality. Secondly, the Group will improve the capability of terminal services. The Group will strengthen the construction of new terminals as well as the upgrading and transformation of the terminals, especially focus on expediting the turning basin extension project of berths No. 1 to No. 3 of Haicang port area, ensure the earlier delivery of the six newly acquired gantry cranes of Songyu Terminal for production and fully leverage the enhanced capability of the two bridge cranes of Songyu Terminal after the completion of the heightening and transformation project, so as to better serve large vessels.

- To promote the construction of green and smart ports. Firstly, the Group will focus on boosting the construction of the smart port demonstration projects. The Group will boost the application of the smart container logistics platform at all terminals and accelerate the implementation of the intelligent gate project (phase II) and the equipment remote control project. Secondly, the Group will reinforce energy conservation and technological transformation. The Group will continue to propel the implementation of the projects for gantry cranes in ports, such as the "Change from Oil to Electricity" project, the "Use of Shore-power Supply for Vessels" project and the "Water Supply for Vessels" project so as to improve the efficiency of port services.

- To intensify the refined management. Firstly, the Group will strengthen the comprehensive budget management, reinforce the budget implementation efforts, increase income while reducing costs, and stringently control costs and manage funds, so as to improve the management performance. Secondly, the Group will promote the capital operation, enhance the investment levels and broaden the financing channels in order to provide effective support for its sustainable development. Thirdly, the Group will improve the internal control, enhance each management system, strengthen the auditing supervision, and strictly implement the risk management, so as to ensure the sound development of its port business.

- Pursuant to the "Options and Rights of First Refusal Agreement" entered into between the Company and Xiamen Port Holding, the Company will actively follow up the progress of the construction works of the relevant terminals of Xiamen Port Holding so that the Board of the Company is able to make appropriate decisions based on the management and operational circumstances at the time.

OTHER INFORMATION

SHARE CAPITAL

The table below sets out the share capital structure of the Company as at 30 June 2017:

Class of shares	Number of shares	Proportion (%)
Domestic shares	1,739,500,000	63.81
H shares	986,700,000	36.19
Total	2,726,200,000	100.00

There was no movement in the share capital of the Company during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend during the six months ended 30 June 2017 (same period of 2016: Nil).

SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2017, none of the the Company ("Supervisors"), chief executives of the Company or their associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any Directors, Supervisors or chief executives of the Company were deemed or taken to be under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company or which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2017, so far as was known to the Directors, Supervisors or chief executives of the Company, the following persons (other than Directors, Supervisors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Number of Shares	Capacity	As a % of the relevant class of share capital	As a % of the total share capital
Xiamen Port Holding	Domestic shares (Long Position)	1,721,200,000	Beneficial owner	98.95%	63.14%

Save as disclosed above, as at 30 June 2017, so far as was known to the Directors, Supervisors or chief executives of the Company, no other persons (other than the Directors, Supervisors or chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO. In addition, no short positions were recorded in the register maintained by the Company under section 352 of the SFO as at 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2017, the Group did not purchase, sell or redeem any listed securities of the Company.

MAJOR ACQUISITION AND DISPOSAL

Save for (i) XCTG (a non-wholly owned subsidiary of the Company) completed the acquisition of 20% equity interest held by Initial Sun in Xinhaida Terminal, and (ii) XCTG and HXC entered into an agreement on 15 May 2017 pursuant to which the parties agreed to act in accordance with the agreed mechanism entered into by the parties with regard to the approval of special corporate matters of XICT by the board of directors of XICT, and hence XICT shall be accounted for as a subsidiary of the Group in accordance with the HKFRS as set out in the section titled "Management Discussion and Analysis" of this interim report, the Group did not make any major acquisitions or disposals of its subsidiaries, joint ventures and associated companies for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company is committed to maintaining a high level of corporate governance standards to enhance the transparency of corporate governance and to ensure better protection of the interests of the shareholders as a whole.

The Company has been complying with the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules and has adopted the Corporate Governance Code. For the six months ended 30 June 2017, the Company had complied with all the code provisions and most of the recommended best practices set out in the Corporate Governance Code. Also, so far as was known to the Directors, no incident of deviation from the Corporate Governance Code was noted by or reported to the Company.

The Board

At the beginning of the reporting period, the fourth session of the Board comprised fourteen Directors, including five Executive Directors, namely Mr. LIN Kaibiao, Mr. CAI Liqun, Mr. FANG Yao, Mr. CHEN Zhaohui and Mr. KE Dong, four Non-executive Directors, namely Mr. ZHENG Yongen, Mr. CHEN Dingyu, Mr. FU Chengjing and Mr. HUANG Zirong, and five Independent Non-executive Directors, namely Mr. LIU Feng, Mr. LIN Pengjiu, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan.

In accordance with the Articles of Association of the Company, the term of office of each of the Directors is three years and each of them shall be eligible for re-election and re-appointment upon the expiration of the term. At the Company's first extraordinary general meeting in 2017 held on 28 February 2017, Mr. CAI Liqun, Mr. FANG Yao, Mr. CHEN Dingyu, Mr. FU Chengjing, Mr. HUANG Zirong, Mr. CHEN Zhaohui, Mr. KE Dong, Mr. LIU Feng, Mr. LIN Pengjiu, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan were re-elected and Mr. CHEN Zhiping and Ms. BAI Xueqing were elected as the Directors of the fifth session of the Board, of which, Mr. LIU Feng, Mr. LIN Pengjiu, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan were Independent Non-executive Directors. On the same date, the Company convened the first meeting of the fifth session of the Board to elect Mr. CAI Liqun as the Chairman and Mr. FANG Yao as the Vice Chairman, appointed Mr. CAI Liqun, Mr. FANG Yao, Mr. CHEN Zhaohui and Mr. KE Dong as Executive Directors, and appointed Mr. CHEN Dingyu, Mr. CHEN Zhiping, Mr. FU Chengjing, Mr. HUANG Zirong and Ms. BAI Xueqing as Non-executive Directors and continued to appoint Mr. CAI Changzhen as the joint company secretary of the Company (the "Company Secretary").

Accordingly, as at 30 June 2017, the fifth session of the Board of the Company comprised four Executive Directors, namely Mr. CAI Liqun (Chairman), Mr. FANG Yao (Vice Chairman), Mr. CHEN Zhaohui and Mr. KE Dong, five Non-executive Directors, namely Mr. CHEN Dingyu, Mr. CHEN Zhiping, Mr. FU Chengjing, Mr. HUANG Zirong and Ms. BAI Xueqing, and five Independent Non-executive Directors, namely Mr. LIU Feng, Mr. LIN Pengjiu, Mr. YOU Xianghua, Mr. JIN Tao and Mr. JI Wenyuan.

The Supervisory Committee

At the beginning of the reporting period, the fourth session of the Supervisory Committee of the Company comprised six Supervisors, including two Shareholders representative Supervisors, namely Mr. YU Mingfeng and Mr. ZHANG Guixian, two staff representative Supervisors, namely Mr. LIAO Guosheng and Mr. WU Weijian, and two independent Supervisors, namely Mr. TANG Jinmu and Mr. XIAO Zuoping.

In accordance with the Articles of Association of the Company, the term of office of each of the Supervisors is three years and each of them shall be eligible for re-election and re-appointment upon the expiration of the term. At the Company's first extraordinary general meeting in 2017 held on 28 February 2017, Mr. ZHANG Guixian, Mr. TANG Jinmu and Mr. XIAO Zuoping were re-elected, Mr. SU Yongzhong was elected as the Supervisors of the fifth session of the Supervisory Committee of the Company (Mr. LIAO Guosheng and Mr. WU Weijian were staff representative Supervisors who had been re-elected at the general meeting of staff representatives of the Company held on 23 February 2017), of which, Mr. TANG Jinmu and Mr. XIAO Zuoping were independent Supervisors. On the same date, the Company convened the first meeting of the fifth session of the Supervisory Committee to elect Mr. SU Yongzhong as the Chairman of the Supervisory Committee.

Accordingly, as at 30 June 2017, the fifth session of the Supervisory Committee of the Company comprised two Shareholders representative Supervisors, namely Mr. SU Yongzhong (being the Chairman of Supervisory Committee) and Mr. ZHANG Guixian, two staff representative Supervisors, namely Mr. LIAO Guosheng and Mr. WU Weijian, and two independent Supervisors, namely Mr. TANG Jinmu and Mr. XIAO Zuoping.

Nomination Committee

At the beginning of the reporting period, the second session of the Nomination Committee of the Company comprised Mr. LIN Kaibiao, the former Chairman and an Executive Director, and two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. JIN Tao. The Nomination Committee was chaired by Mr. LIN Kaibiao. On 28 February 2017, upon the formation of the fifth session of the Board of the Company, Mr. CAI Liqun, the Chairman and an Executive Director of the Company, and two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. JIN Tao, were appointed as members of the third session of the Nomination Committee, of which, Mr. CAI Liqun was appointed as the Chairman of the Nomination Committee at the first meeting of the fifth session of the Board of the Company held on the same date.

The primary functions of the Nomination Committee are: to review the structure, size and composition of the Board, identify individuals suitably qualified to become Board members and assess the independence of Independent Non-executive Directors, make recommendations to the Board on relevant matters relating to the succession planning for Directors, in particular, the Chairman and the general manager. The above-mentioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to the regulations.

Audit Committee

At the beginning of the reporting period, the fourth session of the Audit Committee of the Company comprised two Independent Non-executive Directors, Mr. LIU Feng and Mr. YOU Xianghua, and one Non-executive Director, Mr. FU Chengjing. The Audit Committee was chaired by Mr. LIU Feng. On 28 February 2017, upon the formation of the fifth session of the Board of the Company, Mr. LIU Feng and Mr. YOU Xianghua, the Independent Non-executive Directors, and Mr. FU Chengjing, a Non-executive Director, were appointed as members of the fifth session of the Audit Committee, of which, Mr. LIU Feng continued to be appointed as the Chairman of the Audit Committee at the first meeting of the fifth session of the Board of the Company held on the same date.

The primary functions of the Audit Committee are: to propose the re-appointment, oversee the performance and approve the remuneration of the external auditors; to review the completeness and accuracy of the Company's financial accounts; to evaluate and supervise the Company's financial reporting procedures and to oversee the Company's risks management and internal control procedures and their effectiveness. The above-mentioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to the regulations.

The Audit Committee has reviewed the Company's interim results for the six months ended 30 June 2017 and agreed with the accounting policies adopted by the Company.

Remuneration Committee

At the beginning of the reporting period, the fourth session of the Remuneration Committee of the Company comprised two Independent Non-executive Directors, Mr. YOU Xianghua and Mr. LIU Feng, and one Non-executive Director, Mr. CHEN Dingyu. The Remuneration Committee was chaired by Mr. YOU Xianghua. On 28 February 2017, upon the formation of the fifth session of the Board of the Company, Mr. YOU Xianghua and Mr. LIU Feng, the Independent Non-executive Directors, and Mr. CHEN Zhiping, a Non-executive Director, were appointed as members of the fifth session of the Remuneration Committee, of which, Mr. YOU Xianghua continued to be appointed as the Chairman of the Remuneration Committee at the first meeting of the fifth session of the Board of the Company held on the same date.

The primary functions of the Remuneration Committee are: to formulate the remuneration policy for the Directors, Supervisors and senior management of the Group, review and formulate their remunerations and benefits, as well as make recommendations on the remunerations of Directors, Supervisors and senior management to the Board. The above-mentioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Business Strategy Committee

At the beginning of the reporting period, the fourth session of the Business Strategy Committee of the Company previously comprised five Directors, namely Independent Non-executive Director, Mr. JIN Tao, Executive Directors, Mr. LIN Kaibiao and Mr. CAI Liqun, and Non-executive Directors, Mr. CHEN Dingyu and Mr. HUANG Zirong. The Business Strategy Committee was chaired by Mr. JIN Tao. On 28 February 2017, upon the formation of the fifth session of the Board of the Company, Mr. JIN Tao, an Independent Non-executive Director, Mr. CAI Liqun and Mr. CHEN Zhaohui, the Executive Directors, and Mr. CHEN Dingyu and Ms. BAI Xueqing, the Non-executive Directors, were appointed as members of the fifth session of the Business Strategy Committee, of which, Mr. JIN Tao continued to be appointed as the Chairman of the Business Strategy Committee at the first meeting of the fifth session of the Board of the Company held on the same date.

The Business Strategy Committee is responsible for considering, evaluating and reviewing long-term strategic development plan and material capital operations and asset management projects, such as major investments and financing exercises, as well as acquisitions and disposals, and making recommendations to the Board in respect thereof. Meanwhile, it assumes responsibility for carrying out subsequent evaluation of investment projects and for reviewing and considering business development direction of the Company. The above-mentioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Corporate Governance Committee

At the beginning of the reporting period, the first session of the Corporate Governance Committee of the Company previously comprised two Independent Non-executive Directors, Mr. LIN Pengjiu and Mr. JI Wenyuan, and one Executive Director, Mr. FANG Yao. The Corporate Governance Committee was chaired by Mr. LIN Pengjiu. On 28 February 2017, upon the formation of the fifth session of the Board of the Company, Mr. LIN Pengjiu and Mr. JI Wenyuan, the Independent Non-executive Directors, and Mr. FANG Yao, an Executive Director, were appointed as members of the second session of Corporate Governance Committee, of which, Mr. LIN Pengjiu continued to be appointed as the Chairman of the Corporate Governance Committee at the first meeting of the fifth session of the Board of the Company held on the same date.

The Board has adopted the terms of reference of the Corporate Governance Committee which comply with the code provisions of the Corporate Governance Code. The primary functions of the Corporate Governance Committee are: to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's compliance with the Corporate Governance Code and relevant disclosure requirements. The above-mentioned terms of reference have been published on the websites of the Hong Kong Stock Exchange and the Company according to regulations.

Code for Securities Transactions by Directors and Supervisors

The Company originally adopted the Model Code set out in Appendix 10 to the Listing Rules, and with regard to the Company's actual circumstances, the Company prepared a Model Code for Securities Transactions by Directors for Xiamen International Port Co., Ltd (the "Code") on terms no less than the required standard set out in the Model Code. The Code was adopted as the code of conduct for securities transactions by the Directors, Supervisors and senior management of the Company after the consideration and approval by the Board. Upon making specific enquiries to all Directors, Supervisors and senior management, the Company confirmed that they had complied with the standards required in the Model Code and the Code throughout the six months ended 30 June 2017, and the Company had not been aware of any violations of this kind during the six months ended 30 June 2017.

SUBSEQUENT EVENT

From 30 June 2017 to the date of this interim report, there are no important events affecting the Group.